

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1686 – HB 2052

March 23, 2009

SUMMARY OF BILL: Requires proof of valid driver's license before issuance of any motor vehicle registration or renewal of registration for a motor vehicle.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue –

\$4,993,300/FY09-10

\$5,994,400/FY10-11 and Subsequent Years

Increase State Expenditures - \$23,100/One-Time

Decrease Local Revenue –

\$6,201,900/FY09-10

\$7,445,200/FY10-11 and Subsequent Years

Assumptions:

- Valid driver's license includes any license not currently under suspension, revocation, or cancellation, and issued by the State of Tennessee or issued to a member of the United States military.
- According to the Department of Revenue (DOR), there are currently 517,923 vehicles registered in Tennessee where the state of the home address is another state. In such instances, the owners are likely to have an out-of-state driver's licenses.
- Fifty percent (258,961) of such vehicles belong to members of the military; the remaining 50 percent (258,962) would not be able to register their vehicle in Tennessee because they would not possess a valid Tennessee driver's license.
- The state registration fee is \$21.50 per vehicle; the average county wheel tax is estimated to be \$28.75 per vehicle.
- In addition, there are currently 213,336 leased vehicles where the owner or lessor has an address other than Tennessee. The state currently

receives a \$2.00 authorization fee to register leased vehicles. According to DOR, the state would lose this revenue as a result of this bill.

- The recurring decrease to state revenue is estimated to be \$5,994,400 per year $[(258,962 \times \$21.50) + (213,336 \times \$2.00) = \$5,994,355]$.
- The recurring decrease to local government revenue is estimated to be \$7,445,200 per year $(258,962 \times \$28.75 = \$7,445,158)$.
- One-time state expenditures for computer and software modifications estimated to be \$23,100.
- The first-year impact is estimated at 83.3 percent of the first full-year impact due to September 1, 2009 effective date.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director

/rnc